

## News Release

### **KENTUCKY CENTRAL LIFE ESTATE DISTRIBUTES \$40 MILLION 650 agents receive deferred comp, other creditors paid**

FRANKFORT, Ky. (Aug. 11, 2006) – More than \$40 million was released today to former agents and other creditors by the Kentucky Central Life Insurance Company estate. Today's distribution includes \$9 million in deferred compensation to about 650 former Kentucky Central agents.

"We were particularly pleased to be in a position to make the deferred compensation distribution," said Julie Mix McPeak, Kentucky Office of Insurance executive director and Kentucky Central liquidator. "Under statute, these payments could not be made until other issues had been resolved, so we are very happy to have reached this point in the liquidation."

Other claims paid today include:

- \$16.5 million to state guaranty associations for support to the accounts of former Kentucky Central policyholders during a portion of the liquidation.
- \$9.9 million to bondholders for the Lexington Festival Market development. Kentucky Central guaranteed the bonds, and when the project failed, the bonds went into default. With the exception of interest, today's payment fulfills Kentucky Central's liability.
- \$2.1 million to Lexington-Fayette Urban County Government to fulfill Kentucky Central's joint and several liability agreement for the Festival Market project.
- \$1.9 million to Sterling Property Recovery Company, as assignee for Lincoln National Life Insurance Company, to cover Kentucky Central's responsibility for an office building mortgage.
- \$1.1 million to 50 other unsecured creditors.

McPeak said the estate is taking the necessary steps to prepare and finalize the reimbursement to Jefferson-Pilot Life Insurance Company for amounts owed to former policyholders of Kentucky Central for items such as additional expense charges and lower crediting rates on their account balances. The reimbursement will have the effect of making the policyholders whole for the limitations placed on the policies when Kentucky Central was placed in rehabilitation and for the five years subsequent to the transfer of the policies to Jefferson-Pilot.

The Office of Insurance assumed control of Kentucky Central in February 1993 and the company entered liquidation in 1994.